

SENATE BILL 533

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B2

2003 Regular Session
3lr0791

By: **Senators Jones, Britt, Conway, Currie, Exum, Gladden, Grosfeld,
Hughes, Kelley, Lawlah, and McFadden**

Introduced and read first time: January 31, 2003

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Debt - Enabling Acts - Goal for Minority Business Enterprise**
3 **Participation**

4 FOR the purpose of requiring that enabling acts authorizing the issuance of State
5 general obligation bonds by the Board of Public Works include certain language
6 requiring certain grantees to attempt to use certain minority business
7 enterprises for at least a certain percentage of the State's investment in the
8 project; and generally relating to enabling acts authorizing the issuance of State
9 general obligation bonds.

10 BY repealing and reenacting, with amendments,
11 Article - State Finance and Procurement
12 Section 8-117
13 Annotated Code of Maryland
14 (2001 Replacement Volume and 2002 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article - State Finance and Procurement**

18 8-117.

19 (a) The General Assembly may authorize the Board to:

20 (1) borrow money for any public purpose; and

21 (2) issue State bonds to evidence the debt.

22 (b) An enabling act shall specify the total principal amount of the debt
23 authorized by the enabling act.

24 (c) An enabling act may take substantially the following form:

1 "A BILL ENTITLED

2 AN ACT concerning

3 Creation of a State Debt - (Name of Project)

4 FOR the purpose of authorizing the creation of a State debt not to exceed \$....., (for an
5 enabling act that requires an equal matching fund)/ in the amount of \$....., (for
6 an enabling act that requires no matching fund or a lesser matching fund) the
7 proceeds to be used as a grant to (name of grantee) for certain development
8 or improvement purposes; providing for disbursement of the loan proceeds,
9 subject to the requirement that the grantee provide and expend a matching fund
10 (if the enabling act requires a matching fund); and providing generally for the
11 issuance and sale of bonds evidencing the loan.

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
13 MARYLAND, That:

14 (1) The Board of Public Works may borrow money and incur indebtedness on
15 behalf of the State of Maryland through a State loan to be known as the ... (name of
16 project) Loan of ... (year) equal to the lesser of (i) \$... or (ii) the amount of the matching
17 fund provided in accordance with Section 1(5) below. (For an enabling act that
18 requires an equal matching fund)/ in the total principal amount of \$..... (for an
19 enabling act that requires no matching fund or a lesser matching fund). This loan
20 shall be evidenced by the issuance, sale, and delivery of State general obligation
21 bonds authorized by a resolution of the Board of Public Works and issued, sold, and
22 delivered in accordance with §§ 8-117 through 8-124 of the State Finance and
23 Procurement Article and Article 31, § 22 of the Code.

24 (2) The bonds to evidence this loan or installments of this loan may be sold as
25 a single issue or may be consolidated and sold as part of a single issue of bonds under
26 § 8-122 of the State Finance and Procurement Article.

27 (3) The cash proceeds of the sale of the bonds shall be paid to the Treasurer
28 and first shall be applied to the payment of the expenses of issuing, selling, and
29 delivering the bonds, unless funds for this purpose are otherwise provided, and then
30 shall be credited on the books of the Comptroller and expended, on approval by the
31 Board of Public Works, for the following public purposes, including any applicable
32 architects' and engineers' fees: as a grant to (name of grantee) (referred to
33 hereafter in this act as "the grantee") (for an enabling act that requires a matching
34 fund) for (here state the purpose or purposes to which the proceeds of the bonds are to
35 be applied).

36 (4) An annual State tax is imposed on all assessable property in the State in
37 rate and amount sufficient to pay the principal of and interest on the bonds, as and
38 when due and until paid in full. The principal shall be discharged within 15 years
39 after the date of issue of the bonds.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 June 1, (year)".

3 (d) (1) If an enabling act requires an equal matching fund, the fifth
4 paragraph is as follows:

5 "(5) Prior to the payment of any funds under the provisions of this Act for the
6 purposes set forth in Section 1(3) above, the grantee shall provide and expend a
7 matching fund. No part of the grantee's matching fund may be provided, either
8 directly or indirectly, from funds of the State, whether appropriated or
9 unappropriated. No part of the fund may consist of real property, in kind
10 contributions, or funds expended prior to the effective date of this Act. In case of any
11 dispute as to the amount of the matching fund or what money or assets may qualify
12 as matching funds, the Board of Public Works shall determine the matter and the
13 Board's decision is final. The grantee has until June 1, ... (2 years from the effective
14 date of the Act), to present evidence satisfactory to the Board of Public Works that a
15 matching fund will be provided. If satisfactory evidence is presented, the Board shall
16 certify this fact and the amount of the matching fund to the State Treasurer, and the
17 proceeds of the loan equal to the amount of the matching fund shall be expended for
18 the purposes provided in this Act. Any amount of the loan in excess of the amount of
19 the matching fund certified by the Board of Public Works shall be canceled and be of
20 no further effect."

21 (2) If an enabling act requires a lesser matching fund, the fifth
22 paragraph is as follows:

23 "(5) Prior to the payment of any funds under the provisions of this Act for the
24 purposes set forth in Section 1(3) above, the grantee shall provide and expend a
25 matching fund of \$..., (amount of the matching fund to be provided by the grantee).
26 No part of the grantee's matching fund may be provided, either directly or indirectly,
27 from funds of the State, whether appropriated or unappropriated. No part of the fund
28 may consist of real property, in kind contributions, or funds expended prior to the
29 effective date of this Act. In case of any dispute as to the amount of the matching fund
30 or what money or assets may qualify as matching funds, the Board of Public Works
31 shall determine the matter and the Board's decision is final. The grantee has until
32 June 1, ... (2 years from the effective date of the Act), to present evidence satisfactory
33 to the Board of Public Works that a matching fund will be provided. If satisfactory
34 evidence is presented, the Board shall certify this fact to the State Treasurer, and the
35 proceeds of the loan shall be expended for the purposes provided in this Act."

36 (E) IF AN ENABLING ACT AUTHORIZES A GRANT OF OVER \$50,000, THE
37 ENABLING ACT SHALL INCLUDE THE FOLLOWING PARAGRAPH:

38 "THE GRANTEE SHALL ATTEMPT TO USE CERTIFIED MINORITY BUSINESS
39 ENTERPRISES, AS DEFINED IN § 14-301 OF THIS ARTICLE, TO PROVIDE SERVICES OR
40 GOODS FOR THE PROJECT IN AN AMOUNT EQUIVALENT TO AT LEAST 25% OF THE
41 STATE'S INVESTMENT IN THE PROJECT."

42 [(e)] (F) An enabling act under this section may contain:

1 (1) an additional provision for all or part of the principal of and interest
2 on the State bonds issued under the enabling act to be paid primarily from sources of
3 funds other than a State tax on assessable property; and

4 (2) any other additional provision that is appropriate to the purpose of
5 the enabling act and the nature of State bonds.

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
7 October 1, 2003.